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a response by



WILLIAM M. ELLINGHAUS
Vice Chairman
American Telephone & Telegraph Company

recipient of
THE DODGE MEDALLION
presented at
THE THIRD DODGE AWARD DINNER
YMCA OF GREATER NEW YORK

May 24, 1976

THE DODGE AWARD

ABOUT THE HONOREE....

William M. Ellinghaus, who until April 1 was president of one of the largest corporations in New York State, the New York Telephone Co., promptly answered Governor Carey's call and became Chairman of the Municipal Assistance Corp. and later an untiring member of the New York State Emergency Financial Control Board. He also is on Mayor Beame's Management Advisory Board.

Now vice chairman of the American Telephone & Telegraph Company, Mr. Ellinghaus has served such organizations as the National Alliance of Businessmen (New York and Regional Chairman), Economic Development Council of New York City, Inc., United Fund of Greater New York and Greater New York Council of Boy Scouts of America (member of the Executive Board).

Mr. Ellinghaus, who chaired the first two Dodge Award Dinners, is a trustee of the Young Men's Christian Association of Greater New York and vice chairman of the New York Chamber of Commerce and Industry.

Additionally, he is chairman of the Regional Plan Association and a member of the American Society of Corporate Executives, Economic Club of New York and the steering committee of the National Council on Crime and Delinquency.

Mr. Ellinghaus also is a director of the Pacific Telephone and Telegraph Co., Pacific Northwest Bell Telephone Co., Thiokol Corp., Bankers Trust Co., Bristol-Myers Co., and a trustee of Union Dime Savings Bank, Colgate University, St. John's University and the New York Racing Association.

AT & T's vice chairman "rose through the ranks" of the Bell System, beginning his career in 1940 as an installer upon graduation from high school. With time out for World War II military service, he held a variety of jobs of increasing responsibility with the Chesapeake & Potomac Telephone Co., AT & T and New York Telephone.

He and his wife have eight children and reside in Bronxville, New York.

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“THE CITY WITH GUTS”

Thank you, Cleveland Dodge. Thank you, Gabriel Hauge. Thank you all.

When I chaired the first two Dodge Award dinners, it never occurred to me that I might one day be on the receiving end. It goes without saying that I am very honored and very proud to join Henry Smith and Laurance and Mary Rockefeller as recipients of the Dodge Medallion. I think you'll agree that it's pretty good company to be in.

And speaking of company, I am also very pleased to see so many good friends and associates here tonight. That makes the occasion especially enjoyable for me, and I appreciate very much your being here.

Watching tonight's program, I'm sure all of you were as impressed as I was by the continued good work that the “Y” is doing. But I hope it also struck you — as it did me — that here is a prime example of what is right about this city.

It's easy these days to get so wrapped up in the problems that confront New York City that we overlook all of the good things that are happening. We need to remind ourselves that this is still a city with spirit — a city with guts — a city with heart. And no better example of that exists than the YMCA. Its work in reaching out to the people of New York — particularly the young people — is, I think, a sign of genuine hope. As long as we have organizations and people who are convinced this can be a

better place, New York City is going to make it.

In saying that, I don't for a minute make light of the problems that face the city. New York is struggling for its financial life. Many people in this room tonight are deeply committed and involved in this struggle and are working long hours to help this city overcome its current difficulties — difficulties which have caused much pain and with much more to come.

But at the same time, let's not lose our perspective. Let's not forget that New York City is not alone in its problems.

In the last decade, state and local spending across the nation has tripled with the result that tremendous deficits have been run up in city after city. To keep their heads above water, state and local governments have been turning more and more to the capital market, especially the short-term market. Ten years ago that was practically unheard of. Today, total tax exempt debt in this country comes to more than 200 billion dollars, more than double what it was 10 years ago. While not as critical as New York, many of our major cities today face serious financial problems.

If deficits and borrowing are not a New York City phenomenon, then why do we seem to have more than our share of troubles? I think the answer to that lies partly in the fact that not all of our troubles were the city's doing.

New York didn't elect to be the nation's port of entry and thereby choose to inherit

the problems that go with that distinction.

The city didn't creat the mass movement of millions of Americans since World War II to the cities — movement that intensified urban poverty and sent the welfare rolls climbing.

The city didn't say, "Hey, I think I want to be headquarters for the world's nations," and then decide to incur the costs that go with that privilege — costs which, incidentally, are borne by New Yorkers rather than the embassies and consulates that pay no taxes.

The city had no say in picking up the tab for the limited access highways that ironically made the exodus from the city easy.

The city didn't ask to pay for the long-term care of prisoners, or pay as well for everything but the appellate divisions of its courts — which other cities do not have to shoulder.

And the city certainly did not decide to give this nation the worst case of inflation this country has ever seen and then follow it up with the worst recession since the 1930's.

The fact is, New York City isn't just any American city. It's unique, and it has to carry a burden no other city carries.

To this day, we continue to give masses of immigrants — many of them desperately poor — a home and a job. We struggle with welfare costs that other cities are able to pass along to federal and state governments. We spend millions each year playing host to visiting dignitaries, something

no other city has to underwrite. Because of sheer size alone, the cost of providing basic city services in New York is far out of proportion to that of other cities. Unfortunately, there does not seem to be any economies of scale in our large cities.

Granted, New York City has been overly generous in many respects. Its heart over the years tended to be bigger than its pocketbook. It has tried to do too much without looking ahead to consider the consequences of its action. In the process, the city perhaps failed to appraise its ability to cope with tomorrow. As a result, it made a series of misjudgments about revenues and expenses and about borrowing and budgets.

Predictably, it all eventually caught up with the city and the result is a city in serious trouble

Now, through the joint efforts of the Governor, the Mayor, the Municipal Assistance Corporation, and the Emergency Financial Control Board, hopefully we are putting a halt to the fiscal expediencies that got us in hot water. And in time New York will get back on its financial feet and regain its credibility in the money market — but not without pain.

The causes of New York's current problems go back many years and will take years to work out. We may reach our target of a balanced budget by June, 1978 — no mean task when you consider the size of the current deficit — but that is just one of the steps that must be accomplished.

We must somehow build greater awareness of what happened in New York City and how the impact goes far beyond this city. We must begin to see our cities for what they are. They are not finite entities whose influence stops at the city lines and whose problems can be blissfully ignored by the suburbs. The truth is, suburban and urban America have become inexorably entwined. Only if we start viewing New York, not as a separate entity but as the core of a regional population center with common interests, can we hope to solve the fiscal dilemma that affects the whole region.

The Regional Plan Association has been telling us this for years and we now see the wisdom of their advice. Just last Thursday, the Chairman of the Municipal Assistance Corporation and my colleague, Felix Rohatyn, called on the states of the Northeast to stop the cannibalism and job pirating. He rightly pointed out that "regional economic cooperation" can no longer be regarded as impossible.

Furthermore, we can no longer afford to operate our cities as though there is no tomorrow — because there is. That means operating with much more than a yearly schedule and a yearly budget. It means planning for the New York we want it to be. And planning means determining if it's "do-able." A city is no different than any other entity; it must set a course for itself. It must decide what it wants to be — if it can be — and then it must establish the

goals and objectives to be accomplished to achieve that planned future.

Realistic planning is the first step toward determining what the city's resource capabilities are, and just as importantly, what they are not.

Realistic planning is the way to spell out priorities for the city, its residents, its workers, and its government. New York City, unfortunately, tried to do too much. A longer look ahead would have helped avoid many of the pitfalls that almost brought the city down. It would have identified the large gap between income and expenses required to carry out its programs over its several years. It would have forced a system of priorities. It would have highlighted the absolute need to deliver municipal services more efficiently. It would have identified the need for improved management and management methods and the need to control costs through improved administration and improved productivity. Finally, it would have vividly illustrated the absolute requirement to attract people trained and skilled in the management tools that are being effectively used in the private sector and in state and federal government.

But there is another prerequisite for getting this city back on its feet — a more immediate prerequisite. An acceptance by all parties — the Administration, the City Council, Labor, Education, Health and Hospitals, the State Legislature — that the job is far from done and a great many

more sacrifices will be required from all.

We still have a one billion dollar deficit and there just isn't any more money to fill that hole. The Stavisky Bill didn't generate any money; the Heart Bill doesn't; waffling and delay by the Board of Higher Education or the Health and Hospital Corporation generates no cash help. The time is now to show those that might be inclined to help us that all groups understand the problem, that all groups are willing to share in its solution, and that jointly we are getting at the tough, painful job of closing that billion dollar gap because all parties understand the simple phrase: "There isn't any more money."

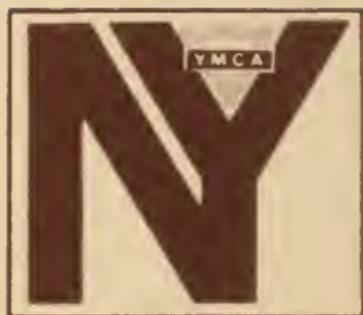
The last 12 months have been a period of trial and sacrifice for this city, but much has been accomplished. Those of us close to the problem have seen considerable change for the better. Nevertheless, we are still a long way from our goal — from where we want to be. A new sense of urgency, persistence, sacrifice and ingenuity, attributes that saw us through our first year of agony, will be required in spades in the next. Given those characteristics, a dogged leadership by the Administration, and the cooperation of all parties, we will be well on our way to making New York City what we know it is — what it really is — the "Big Apple" of them all.

Thank you for listening. Thank you for the honor you have given me tonight.

The Young Men's Christian Association of Greater New York recognizes the contribution of the Dodge family to the YMCA and the New York City community by the creation of a medallion as an annual award in their name. The medallion is to be presented each year to an outstanding business, industrial or community leader who exemplifies the philanthropic spirit of the Dodge family.

The YMCA looks upon this dinner as an opportunity to recognize the historic contribution it has been able to make to New York City and the world through the active support and involvement of laymen who volunteered their leadership in behalf of youth. The programs conducted today meet the needs and problems of this century as those in the past. The vine that weaves the past to the present and the future is the unselfish effort of thousands of individuals who in some way have been touched by the Y. This annual dinner will seek out and recognize those individuals through the future years.

Proceeds of this dinner will be used in the construction of a Sports Center at Camp Greenkill of the YMCA-YWCA Camping Services Council — funds which are outside the scope of The Greater New York Fund's support. The Council is commissioned by the Boards of Directors of the YMCA of Greater New York, the YWCA of Brooklyn, and the YWCA of the City of New York to oversee the operation of their combined camping services.



YMCA OF GREATER NEW YORK

422 Ninth Avenue
New York, N.Y. 10001

Quigg Newton

Chairman of the Board

William A. Howes

President

The Young Men's Christian Association of Greater New York is an educational, religious, and charitable Association, whose role is to improve the physical, mental and moral conditions of individuals, especially the young. It operates through 26 branches and more than 75 other activity centers throughout all five boroughs of New York City.

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